

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

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In the Matter of

THE CATV POLE ATTACHMENT)	
TARIFF OF BRANDENBURG)	ADMINISTRATIVE
TELEPHONE COMPANY)	CASE NO. 251-3

O R D E R

Procedural Background

On September 17, 1982, the Commission issued an Amended Order in Administrative Case No. 251, "The Adoption of a Standard Methodology for Establishing Rates for CATV Pole Attachments," and ordered electric and telephone utilities providing or proposing to provide CATV pole attachments to file tariffs conforming with the principles and findings of the Order on or before November 1, 1982.

On November 1, 1982, Brandenburg Telephone Company ("Brandenburg") filed rates, rules, and regulations governing CATV pole attachments. On November 15, 1982, the Commission suspended Brandenburg's CATV pole attachment tariff to allow the maximum statutory time for investigation and comment from interested persons.

On November 19, 1982, the Kentucky Cable Television Association, Inc., ("KCTA") requested and was granted leave to intervene and comment on Brandenburg's CATV pole attachment tariff. On January 17, 1983, KCTA filed a statement of objections to various CATV pole attachment tariffs, but made no specific objections in the case of Brandenburg.

The Commission considers the matter of Brandenburg's CATV pole attachment tariff submitted for final determination.

Findings

The Commission, having considered the evidence of record and being advised, is of the opinion and finds that:

1. Brandenburg's rules and regulations governing CATV pole attachments conform with the principles and findings of the Commission's Amended Order in Administrative Case No. 251, and should be approved, except as follows:

(a) Brandenburg did not file a rule or regulation governing CATV conduit usage. The Commission advises Brandenburg that in the event it provides or plans to provide CATV conduit space, it should file a CATV conduit usage rate, along with appropriate cost information.

(b) At Page 3, section A.6, the Commission advises Brandenburg that a CATV operator is a customer and cannot be required to execute a contractual agreement. The CATV pole attachment tariff should be filed in sufficient detail to govern the relationship between Brandenburg and a CATV operator.

(c) At page 5, Section B.13, the Commission advises Brandenburg that it is not required to provide CATV anchor attachments. However, in the event Brandenburg provides or plans to provide CATV anchor attachments, it should file a CATV anchor attachment rate, along with appropriate cost information.

(d) At page 6, section C.2, the Commission advises Brandenburg that it may require a CATV operator to report the number of pole attachments and other chargeable items, but a service charge should apply only when a change in the billing record is required.

(e) At page 6, section C.4, the Commission advises Brandenburg that it established 1 foot as the average CATV pole usage to avoid fractional billing. Therefore, the tariff provision and any other similar provisions elsewhere in the tariff should be deleted.

(f) At page 7, section D.1.h., the Commission advises Brandenburg that it cannot confiscate CATV property without due process of law. Therefore, the tariff provision and any other similar provisions elsewhere in the tariff should be deleted.

2. Brandenburg failed to provide sufficient information to verify its calculations of embedded pole cost. Therefore, Brandenburg should file information from plant records or another reliable source showing the number of 30-foot, 35-foot, 40-foot, and 45-foot poles in service, and related pole investment. The information should be classified according to vintage year. Also, any discrepancy between the total number of poles shown in the calculations of embedded pole cost and the total number of poles shown in the 1981 Annual Report should be explained.

3. Brandenburg failed to provide sufficient information to verify its calculations of anchor cost. Therefore, Brandenburg should file information from plant records or another reliable source showing anchor cost, calculated in a manner consistent with the Commission's Amended Order in Administrative Case No. 251.

4. Brandenburg's calculation of its annual carrying charge should be modified as follows:

(a) The depreciation component should be no greater than 4.5 percent, which is comparable to the depreciation claimed by other telephone companies on pole line investment, unless Brandenburg can provide specific information to show that depreciation is greater than 4.5 percent.

(b) The cost of money component should be deleted, because the cost of debt was included in the last rate of return authorized by the Commission, in Case No. 8175, "The Petition of Brandenburg Telephone Company, a Kentucky Corporation, For Authority To Increase Its Exchange Rates and Charges and Certain Other Rates and Charges."

(c) The taxes component should be 3.93 percent, as calculated from the 1981 Annual Report.

(d) The administration and overhead should be 10.63 percent, as calculated from the 1981 Annual Report.

(e) The maintenance component should be 12.72 percent, as calculated from the 1981 Annual Report.

(f) The total annual carrying charge should be 40.78 percent, based on calculations from the 1981 Annual Report and the Commission's Order in Case No. 8175.

5. Brandenburg should be allowed to substitute 1982 Annual Report information to adjust its annual carrying charge from the level stated in this Order, if the information is available and filed with the Commission. Furthermore, any adjusted calculation of the annual carrying charge should be made as outlined in Attachment 1 to the Order, unless a specific deviation is requested and reasonable cause is demonstrated.

Orders

IT IS THEREFORE ORDERED that Brandenburg's CATV pole attachment tariff as filed with the Commission on November 1, 1982, be and it hereby is denied.

IT IS FURTHER ORDERED that Brandenburg shall file revised rates, rules, and regulations governing CATV pole attachments with the Commission within 30 days from the date of this Order, and that the revised rates, rules and regulations shall conform with the findings of this Order.

IT IS FURTHER ORDERED that Brandenburg shall file information as outlined in this Order concerning embedded pole cost, at the same time it files its revised rate, rules and regulations.

Done at Frankfort, Kentucky, this 31st day of March, 1983.

PUBLIC SERVICE COMMISSION


Chairman


Vice Chairman


Commissioner

ATTEST:

Secretary

Attachment 1

CATV Annual Carrying Charge

The annual carrying charge should be based on the 1981 or 1982 Annual Report, Form M, to the Public Service Commission of Kentucky, and Commission Orders, as follows:

1. Depreciation

Depreciation on pole lines is stated at Page 31, Line 7, Column (d).

2. Taxes

The formula for calculating taxes is:

$$\frac{\text{Page 16, Lines 6 + 7, Column (b)}}{\text{Page 12, Line 10, Column (b)}}$$

3. Administration and Overhead

The formula for calculating administration and overhead is:

$$\frac{\text{Page 61, Lines 36 + 45 + 51 + 61, Column (b)}}{\text{Page 12, Line 10, Column (b + c)}}$$
$$\frac{\quad}{2}$$

4. Maintenance

The formula for calculating maintenance is:

$$\frac{\text{Page 60, Line 1, Column (b)}}{\text{Page 19, Line 11, Column (b + h)}}$$
$$\frac{\quad}{2}$$

5. The rate of return should be the most recent rate of return authorized by the Commission.